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HOUSE OF REPRESENTATIVES
REPORT
98-771

ACQUISITION OF PROPERTY FOR UNITED STATES CAPITOL GROUNDS

MAY 15, 1984.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HOWARD, from the Committee on Public Works and Transportation, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 2896]

[Including cost estimate of the Congressional Budget Office]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 2896) to amend Public Law 96–432 to increase the authorization for the acquisition of property for addition to the United States Capitol Grounds from $11,500,000 to $16,000,000, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

Public Law 96–432, approved October 10, 1980, authorized the Architect of the Capitol, under the jurisdiction of the House Office Building Commission, to acquire on behalf of the United States for addition to the United States Capitol Grounds, properties located on the southern fringes of Capitol Hill. There was authorized to be appropriated to the Architect of the Capitol $11,500,000 to carry out the purposes of the Act. Public Law 97–12, approved June 5, 1981, appropriated $11,500,000 to carry out the provisions of Public Law 96–432.

Public Law 96–432 authorized $3,125,000 for the acquisition of Square 693 South, property bounded by Ivy, Canal and E Streets, and New Jersey Avenue, S.E., consisting of 18 lots totalling approximately 62,544 square feet. In addition, $7,235,000 was authorized for the acquisition of the District of Columbia's Redevelopment Land

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Agency (RLA) properties, more particularly described as Lot 49 in Square 582 and Lot 70 in Square 640. These amounts, plus $1,140,000 for contingencies, formed the basis for the original authorization and appropriation request of $11,500,000.

With the approval of the Chairman of the House Office Building Commission, the District of Columbia Government's offer to sell the "RLA" properties for $7,235,000 was accepted on June 18, 1981, and the property was transferred to the United States at that price on December 3, 1981.

The property located in Square 693 South was initially appraisesd during April 1979 on behalf of the Government by a disinterested appraiser who set its then current fair market value at $3,125,000. In May 1981 a dramatic increase in the value of Square 693 became evident based on a re-appraisal by the original appraiser who set the value at $11,039,000. Two subsequent appraisals obtained for purposes of negotiations by the Architect of the Capitol, and prepared by disinterested, independent appraisers, during August and September of 1981, likewise revealed a smaller, but no less dramatic appreciation in the value of Square 693. The lower of the two appraisals, completed in September 1981, placed a value of $6,600,000 on the lands, while the higher, completed in August placed a value of $7,195,652. Concurrently, the owners of Square 693 South had the property appraised for even higher values. The Architect stated this increase was as a result of the unanticipated boom in office space development in the district of Columbia.

Notwithstanding the apparent shortfall in funds that remained available in the appropriation after payment of the $7,235,000 purchase price to the District of Columbia Government for the "RLA" properties, the Architect of the Capitol in October 1981 commenced negotiations with the owners of the property located in Square 693 South. Prior to reaching an agreement, the Architect of the Capitol contacted all original appraisers for reconfirmation of their value placed on Square 693 South. In addition, the Chief of the Department of Justice Lands Division, Acquisition Section, was contacted and rendered an opinion that a value of $8,000,000 for acquisition of Square 693 South appeared very favorable. A conditional agreement, to become operative only if and when necessary legislation providing for increased authorization and appropriations is enacted and providing that no legal liability on the part of the Government for any payment thereunder shall arise until such legislation is adopted, was reached. The agreement, which was drafted by the Architect of the Capitol, in coordination with counsel from the Department of Justice and the General Accounting Office, called for a purchase price of $8,000,000 for the entire property located in Square 693 South. Since only $4,000,000 remained available in the original appropriation, the owners of the property agreed to settle immediately on one-half of the property for that amount, the precise lots to be determined by negotiations. The remainder of the property was offered to the Government for an additional $4,000,000, plus interest at 15 percent based on Moody's AAA bond rating, calculated to the date of settlement. The House Office Building Commission granted its approval of this arrangement and the agreement was consummated January 14, 1982.

The Architect of the Capitol stated this arrangement has the effect of vesting immediate title to one-half of the property in the United States, thus preventing the construction of the privately-planned office building project on the site. It also results in the total price for the land being frozen at $8,000,000. Further, the owners agreed, in the event legislation raising the authorized limit of cost and providing required appropriations for the purchase of the second half is not enacted, to waive and release the Government from any claim for severance damages that may be occasioned by the acquisition of only a portion of the entire tract.

On February 3, 1982, the Government purchased 29,060 square feet of the property, approximately one-half of the entire 62,536 square feet contained in Square 693 South, for $4,000,000 or $137.65 per square foot. Further the Architect advises that as to the other half of the property the owners are still willing to abide with the terms of the agreement even though it has an expiration date of January 1, 1983.

The Architect of the Capitol states that approximately $4,500,000 in additional funding will be required to complete the purchase, including interest, for purchase of the approximate remaining one-half of property located in Square 693 South.

Public Law 97–276, the Continuing Appropriations Act of 1983, approved October 2, 1983, provided an additional $4.5 million, subject to the authorization being granted, for the completion of the purchase of Square 693 South. The accompanying Committee report included language directing the Committee's investigative staff to undertake an independent appraisal of the value of the entire property located in Square 693 South. It also directed that, prior to the acquisition of any additional piece of this property, approval must be obtained by the Architect of the Capitol from the House Appropriations Legislative Branch Subcommittee.

On June 30, 1983, the Chief of the Surveys and Investigations Staff, House Committee on Appropriations, transmitted to the Chairman of the House Appropriations Committee a report entitled "Acquisition of Property as an Addition to the Capitol Grounds." The report states that "A more recent detailed analysis of the value of properties in the area of the 'Carr Property' show that land has appreciated substantially in the period of time since the purchase/deferred purchase agreement(s) were signed. This would indicate that the current value of the remaining part of the 'Carr Property' appears to exceed that which was negotiated in the deferred purchase agreement. Notwithstanding the increased value, the Architect of the Capitol believes the remaining part of the 'Carr Property' can still be purchased for the original agreed upon price of $4,000,000 plus interest." During preparation of the Appropriations Committee report an appraisal was commissioned and conducted by a disinterested, independent appraiser, of the remaining 33,476 square feet of land in Square 693. The appraisal states "Based on our investigation and analysis of market data and conditions pertaining to the subject property, it is our opinion that the fair market value of the remaining property as of June 23, 1983 is $5,525,000 and as of February 3, 1982, is $4,690,000."

The Capitol Grounds and adjacent areas occupied by Congress, by the Library of Congress, the Supreme Court and the Botanic Garden form a precinct completely under Congressional or Supreme Court jurisdiction. They are administered by the Architect of the Capitol and have been under some form of construction, remodeling, and enlargement almost continuously since the first cornerstone was laid for the Capitol on September 18, 1793. The boundaries of the Capitol Grounds today comprise approximately 243 acres.

Square 693 South is the only commercially zoned property within the area identified for future Congressional growth which is still unimproved. It is included in the "Master Plan for the United States Capitol." The uniqueness of the location with its proximity to the United States Congress, the United States Supreme Court and the Library of Congress, among other important public installations, appear to be unlike any other location in the City. Any development in the distant future by the Architect of the Capitol on this property would be extremely limited and would blend in with the community surroundings.

The protection of the immediate environs of the Capitol Grounds from encroachment by commercial structures is a vital consideration. Such acquisition will serve to prevent the development of these parcels for unsuitable and inconsistent commercial uses.

Every other major Capital in the world has seen fit to properly enhance and protect the surrounding areas of its major public buildings. The original plan devised for the development of the Nation's Capital by Pierre L'Enfant contemplated this same type of protection and planning for the major governmental buildings in the Washington area. The legislation reported by the Committee is but one further step in the overall effort to continue to provide proper development of the Capitol Grounds of the United States of America.

Compliance With Clause 2(l) of Rule XI of the Rules of the House of Representatives

(1) With reference to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Oversight. However, the Subcommittee on Public Buildings and Grounds held hearings on this subject matter which resulted in the reported bill.

(2) With reference to clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives the bill, as reported, does not provide new budget authority or increased tax expenditures.

(3) With reference to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee has received a report

prepared by the Congressional Budget Office under section 403 of the Congressional Budget Act. The report is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 14, 1984.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation, House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 2896, a bill to amend Public Law 96–432 to increase the authorization for the acquisition of property for addition to the United States Capitol Grounds from $11.5 million to $16 million, as ordered reported by the House Committee on Public Works and Transportation, May 9, 1984.

The additional $4.5 million authorized by this bill was previously appropriated for fiscal year 1983 (in Public Law 97–276). The authority to obligate those funds is contingent on a subsequent authorization, such as is provided by this bill. As a result, if this bill is enacted, the $4.5 million would be obligated and would result in $4.5 million in additional outlays in fiscal year 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ERIC HANUSHAK
(For Rudolph G. Penner).

(4) With reference to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

(5) With reference to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee makes the following statement in regard to the inflationary impact of the reported bill:

The enactment of this legislation will have no inflationary impact on the prices and costs in the operation of the national economy.

COST OF LEGISLATION

Rule XIII of the Rules of the House of Representatives requires a statement of the estimated costs to the United States which would be incurred in carrying out H.R. 2896, as reported, in fiscal year 1985 and each of the following 5 years. The Committee estimate of these costs in terms of authorization contained in the bill, is $4,500,000. The Committee agrees with the estimates of outlays contained in the report of the Congressional Budget Office.

Committee Action and Vote

The Committee in compliance with rule XI 2(l)(B), the majority of the Committee having actually been present, reports favorably the bill, H.R. 2896. The bill was ordered reported by a voice vote.

Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 7 of Public Law 96–432

AN ACT To amend the Act of July 31, 1946, as amended, relating to the United States Capitol Grounds, and for other purposes

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Sec. 7. (a) The Architect of the Capitol, under the direction of the House Office Building Commission, is hereby authorized to acquire, on behalf of the United States, by purchase, condemnation, transfer, or otherwise, for addition to the United States Capitol Grounds, all publicly or privately owned property contained in lot 49 in square 582; lot 70 in square 640; and lots 1, 2, 67, 79, 80, 800, 801, 807, 814 through 822, and 834 in square 693 in the District of Columbia (including all alleys or parts of alleys and streets within the lotlines and curblines surrounding such real property): *Provided*, That upon the acquisition of any such real property by the Architect of the Capitol on behalf of the United States, such property shall be subject to the provisions of the Act of July 31, 1946 (60 Stat. 718), as amended in the same manner and to the same extent as all other areas comprising the United States Capitol Grounds.

(b) For the purposes of this section the properties authorized to be acquired hereunder, shall be deemed to extend to the outer face of the curbs of the squares in which they are located.

(c) There is hereby authorized to be appropriated to the Architect of the Capitol for the fiscal year ending September 30, 1981, the sum of [$11,500,000] *$16,000,000* for the purpose of carrying out the provisions of this section, said appropriation to remain available until expended.

MINORITY VIEWS ON H.R. 2896

Under most circumstances, authorizing funds for the acquisition of property is a relatively routine matter, but the acquisition of the property proposed by this bill has been anything but routine and an action to which I am vehemently opposed.

From the onset, the procedures which were followed and agreements which were reached leave one baffled as to why Congress is now being requested to authorize $4.5 million to purchase a little more than one-half of an acre of land to be used as a parking lot.

Just over five years ago the Architect of the Capitol recommended that Congress purchase a roughly one and one-half acre parcel of property just south of the Capitol as an addition to the Capitol Grounds. Based on an appraisal he had prepared at that time, he indicated the property's appraised value was approximately $3.0 million.

At that time, just as now, we should ask whether we need the property and whether the price is reasonable? Satisfied that the estimated purchase price was justified, Congress authorized and appropriated the necessary funds and directed the Architect to acquire the property. It was my expectation that the Architect would at that point purchase the property.

But, to the surprise of all, the next thing we heard was that the Architect had used all of the money to purchase half the property and took an option on the remainder.

Despite the obvious shortfall of funds and without requesting Congress to formally increase these funds, the Architect negotiated with the owner and entered into an agreement which called for the Architect to purchase roughly half the property immediately for $4.0 million and the remaining half for another $4.0 million plus interest subject to the authorization and appropriation of additional funds by Congress.

So, instead of paying $3.125 million for the property, it will cost us in excess of $8.0 million. While property values have increased substantially during the past few years, an increase of over 240 percent is unimaginable. In this instance, the $8.5 million Congress is being asked to spend is probably far in excess of what the property was worth at the time the original agreements were reached and perhaps even now.

Permitting the Architect, or any agency for that matter, to in effect, bind Congress to actions other than to those to which Congress has agreed is a practice which is unacceptable and one which we cannot permit to continue. Specific proposals should and must be evaluated on their merits before they are initiated and we should not be forced into a situation where we must second-guess whether they are right or not afterwards.

Notwithstanding the manner in which we have arrived at this point, the $4.5 million which this authorization would make available for the purchase of this property is still more than the amount we should be spending for this parcel and should be opposed.

E. CLAY SHAW, Jr.

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